

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF L&T INFRA CREDIT LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AND CIRCULAR NO. SEBI/HO/DDHS/DDHSDIV1/P/CIR/2022/0000000103 DATED JULY 29, 2022, AS AMENDED FROM TIME TO TIME, ISSUED BY THE SECURITIES EXCHANGE BOARD OF INDIA ("SEBI SCHEME CIRCULAR - DEBT"), AT ITS MEETING HELD ON JANUARY 13, 2023**

1. The Board of Directors of the Company ("**Board**") considered the proposal involving amalgamation of L&T Finance Limited ("**LTF**"), L&T Infra Credit Limited ("**Company**"/"**LTICL**") and L&T Mutual Fund Trustee Limited ("**LTMFTL**") (LTF, LTICL and LTMFTL are collectively referred to as "**Amalgamating Companies**") with L&T Finance Holdings Limited ("**Amalgamated Company**"/"**LTFH**"), by way of merger by absorption pursuant to a scheme of arrangement under the provisions of Sections 230 - 232 read with Section 52 of the Companies Act, 2013 and other applicable regulatory requirements (the "**Scheme**"/"**Scheme of Amalgamation**"), and in compliance with the SEBI Scheme Circular – Debt, resulting in the transfer and vesting of the assets, liabilities and the entire undertaking of the Amalgamating Companies into the Amalgamated Company, followed by the dissolution without winding up of each of the Amalgamating Companies the consequent cancellation of the equity shares held by the Amalgamated Company in the Amalgamating Companies certain adjustments to the securities premium account of Amalgamated Company and various other matters consequential to or otherwise integrally connected with the above. (*The Amalgamating Companies and the Amalgamated Company are collectively referred to as "**Companies**".*)
2. Words and expressions, used in capitalized form but not defined in this report, shall have the meaning ascribed to them in the Scheme.
3. LTF and LTMFTL are wholly owned subsidiaries of LTFH. LTICL is an indirect wholly owned subsidiary of LTFH, wherein 76.64% of the equity shareholding is held by LTF and 23.36% is directly held by LTFH.
4. LTF has its registered office in Kolkata and LTFH, LTICL and LTMFTL have their registered office in Mumbai. Accordingly, the Scheme is proposed to be filed with the Mumbai and Kolkata benches of the National Company Law Tribunal.
5. The Scheme will be filed with various regulatory authorities for obtaining their no-objection letters/ approvals and thereafter, will be presented before the National Company Law Tribunal ("**NCLT**") bench at Mumbai and Kolkata (as registered office of LTF is in Kolkata), under Section 230- 232 of the Companies Act, 2013.
6. The draft of the Scheme was approved by the Audit Committee and the Board at the meetings held on January 13, 2023.
7. As per Section 232(2)(c) of the Companies Act, 2013, a report is required to be adopted by the Board of Directors explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties.

**L&T Infra Credit Limited**

(formerly known as L&T Infra Debt Fund Limited)

**Registered Office**

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Further, pursuant to the requirements of the SEBI Scheme Circular - Debt, the Board is required to also comment on impact of the Scheme on the holders of non-convertible debentures ("NCDs") / non-convertible preference shares ("NCRPS"), safeguards for the protection of the holders of NCDs/NCRPS and exit offer to the dissenting shareholders of NCD/ NCRPS, if any.

Accordingly, this report is being prepared to comply with the requirements of the Companies Act, 2013 read with the SEBI Scheme Circular - Debt ("the Report"). Having regard to the applicability of the aforesaid provisions, this Report has been prepared for adoption by the Board.

8. The following documents/draft documents were placed before / circulated to the Board at its Meeting held on January 13, 2023:
- a) Scheme;
  - b) Valuation reports dated January 12, 2023 issued by Mr. Pawan Shivkumar Poddar (Registration number IBBI/RV/06/2019/12475) in respect of the equity shares, listed non-convertible debentures and listed non-convertible preference shares;
  - c) Fairness Opinion dated January 12, 2023, issued by Navigant Corporate Advisors Limited, an independent merchant banker registered with Securities and Exchange Board of India, providing opinion in respect of the valuation of listed non-convertible debentures and listed non-convertible preference shares; and
  - d) Other presentations, reports, documents and information pertaining to the Scheme made available / circulated to the Board.

## 9. Rationale of the Scheme

LTFH, being a Core Investment Company (CIC) and the holding company for the financial services businesses of the L&T Group, namely L&T Financial Services ("LTFS") which is currently undertaken through two lending entities (both having an non-banking financial company - investment and credit company ("NBFC – ICC") registration pursuant to the corporate restructuring exercise undertaken within LTFS in FY 2021-2022 in accordance with its strategy of 'Right Structure'). LTFH also holds a few other financial / non-financial services businesses /entities. With the objective of creation of a single large unified operational lending entity and mitigate potential operational and business inefficiencies of having two lending entities with the same NBFC-ICC registration, it is proposed to consolidate the businesses of the lending entities with the holding company. Further, it is also proposed to include a non-operating entity as part of this consolidation. This will help reduce the number of companies within the group (including Non-Banking Financial Company's ("NBFCs")) to achieve optimal and efficient utilization of capital; enhance operational and management efficiencies and have a simplified organizational structure.

Thus, the Amalgamation pursuant to this Scheme would, *inter alia*, have the following benefits:

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- (i) Achieve simplification of holding structure of entities forming part of the group, improve operational and management efficiencies, streamline business operations and decision-making process and enable greater economies of scale.
- (ii) Creation of a single large lending entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively
- (iii) Achieve greater transparency, operational efficiency and better utilization of management bandwidth by having one operating NBFC to house all businesses.
- (iv) Enable access to business relationships and other intangible benefits that the Amalgamating Companies have built over decades.
- (v) Companies have a proven track record in the respective businesses of credit and consolidation which will lead to pooling of knowledge and expertise.
- (vi) Ease of compliance with revised regulatory framework applicable to NBFC under Scale Based Regulations (SBR): A Revised Regulatory Framework for NBFCs, issued by RBI dated October 22, 2021 and as amended from time to time, including the circulars specified by RBI from time to time.

#### 10. Effect of Scheme on stakeholders:

Sr. No.	Category of stakeholder	Effect of scheme on the stakeholders
1.	Shareholders (Promoter and Non Promoter Shareholders)	LTICL is an indirect wholly-owned subsidiary of LTFH, wherein 76.64% of the equity shareholding is held by LTF and 23.36% is directly held by LTFH. Further, as per the Scheme, LTF is also proposed to be amalgamated with LTFH.  Hence there will be no adverse effect on the Shareholders of the Company.
2.	Key Managerial Personnel (“KMPs”) of the Company	The Scheme will not have any adverse effect on the KMPs of the Company.
3.	Impact of the scheme on the holders of the NCDs and /or NCRPS of the Scheme	Taking into consideration (i) the report submitted by the Audit Committee recommending the draft Scheme, (ii) the Valuation Reports issued by the independent registered valuer viz Mr. Pawan Shivkumar Poddar (“Registered Valuer”); and (iii) the Fairness Opinions issued by SEBI registered independent merchant banker viz. Navigant Corporate Advisors Limited (“Merchant Banker”), the proposed entitlement ratio as recommended by the Registered Valuer and certified as fair by the Merchant Banker was approved by the Board and the holders of NCDs and NCRPS whose names are recorded in the relevant registers of the Company on the Record Date shall continue holding the
4.	Safeguards for the protection of holders of NCD and /or NCRPS	

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		<p>same number of NCDs and NCRPS in LTFH as held by such holders of NCD and NCRPS in the Company and on the same terms and conditions. Thus, the Scheme envisages that the holders of NCD and NCRPS of LTICL will become holders of NCD and NCRPS of LTFH at exactly the same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN, respectively, as NCDs and NCRPS of LTICL.</p> <p>Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and NCRPS and thus adequately safeguards interests of the holders of the NCDs and NCRPS.</p>
5.	Exit offer to the dissenting holders of NCD and /or NCRPS, if any	<p>Since the Scheme is between the wholly owned subsidiaries and the holding company and envisages that the NCD and NCRPS holders of LTICL will become holders of NCD and NCRPS of LTFH, no exit offer is required.</p>

Basis the above, the Board confirmed that the Scheme would not be detrimental to the interests of the NCD holders NCRPS holders.

### 11. Equity Share Exchange Ratio

Since the Amalgamating Companies are direct and indirect wholly owned subsidiaries of the Amalgamated Company, upon this Scheme becoming effective, the shares held by the Amalgamated Company in the Amalgamating Companies will stand cancelled and no consideration shall pass from the Amalgamated Company.

### 12. Adoption of the Report by the Directors:

The Board have adopted the Report after noting and considering the information set forth in the Report. The Board any duly authorised committee/person by the Board is entitled to make relevant modifications to this Report, if required and such modifications or amendments shall be deemed to form part of this Report.

**For and on behalf of the Board of Directors  
of the Company**



**Dr. Rupa Rege Nitsure**  
**Whole-time Director**

**Date: January 13, 2023**

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